

Senate Bill No. 1257

Passed the Senate August 13, 2012

Secretary of the Senate

Passed the Assembly August 9, 2012

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2012, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 7284.2 of, and to add Section 7284.3 to, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1257, Hernandez. Utility user tax: exemption: public transit vehicles.

Existing law generally provides that the legislative body of any city and any charter city may make and enforce all ordinances and regulations with respect to municipal affairs, as provided, including, but not limited to, a utility user tax on the consumption of gas and electricity. Existing law provides that the board of supervisors of any county may levy a utility user tax on the consumption of, among other things, gas and electricity, in the unincorporated area of the county.

This bill would provide that a local jurisdiction, as defined, may not impose a utility user tax, as specified, upon either the consumption of compressed natural gas dispensed by a gas compressor, within a local jurisdiction, that is separately metered and is dedicated to providing compressed natural gas as a motor vehicle fuel for use by the local agency or public transit operator or the consumption of electricity used to charge electric bus propulsion batteries, within a local jurisdiction, that is separately metered and is dedicated to providing electricity as fuel for an electric public transit bus.

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature to recognize that public transit operators are moving towards the use of electricity as a primary fuel source to meet air quality objectives at the state and regional levels, as well as to provide vital public transportation services to transit-dependent citizens in California. Further, the Mills-Hayes Act (Section 8655 of the Revenue and Taxation Code) provides that a tax shall not be imposed upon the use of fuel by public transit operations. Enactment of this legislation will clarify that, pursuant to the Mills-Hayes Act, the

consumption of electricity as a motor vehicle fuel for use by an electric public transit bus shall be exempt from any taxes imposed upon the consumption of electricity.

SEC. 2. Section 7284.2 of the Revenue and Taxation Code is amended to read:

7284.2. The board of supervisors of any county may levy a utility user tax on the consumption of electricity, gas, water, sewer, telephone, telegraph, and cable television services in the unincorporated area of the county.

SEC. 3. Section 7284.3 is added to the Revenue and Taxation Code, to read:

7284.3. (a) For the purposes of this section:

(1) “Local jurisdiction” means any city, county, city and county, including any chartered city, county, or city and county, district, or public or municipal corporation.

(2) “Public transit operator” means a local or regional transit agency or a joint powers agency operating bus transportation service as described pursuant to Article 1 (commencing with Section 99200) of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code.

(b) There is exempt from any utility user tax, imposed by any local jurisdiction, a local agency’s or public transit operator’s consumption of compressed natural gas dispensed by a gas compressor, within a local jurisdiction, that is separately metered and is dedicated to providing compressed natural gas as a motor vehicle fuel for use by the local agency or public transit operator.

(c) There is exempt from any utility user tax on the consumption of electricity, imposed by any local jurisdiction, a local agency’s or public transit operator’s consumption of electricity used to charge electric bus propulsion batteries, within a local jurisdiction, that is separately metered and is dedicated to providing electricity as a motor vehicle fuel for use by an electric public transit bus.

SEC. 4. The Legislature finds and declares that exempting the consumption of natural gas, electricity, or both, by a local agency or public transit operator from local utility user taxes will ensure statewide uniformity and fairness in the overall cost of providing vital public transportation services to transit dependent citizens in California. Therefore, exempting from utility user taxes the consumption of natural gas, electricity, or both, as a motor vehicle fuel for public transit vehicles by local agencies or public transit

operators is a matter of statewide concern, and not a municipal affair, as that term is used in Section 5 of Article XI of the California Constitution.

Approved _____, 2012

Governor